

**Investec Limited**

Incorporated in the Republic of South Africa  
Registration number 1925/002833/06  
JSE share code: INL  
JSE hybrid code: INPR  
JSE debt code: INLV  
NSX share code: IVD  
BSE share code: INVESTEC  
ISIN: ZAE000081949  
LEI: 213800CU7SM6O4UWOZ70

**Investec plc**

Incorporated in England and Wales  
Registration number 3633621  
LSE share code: INVP  
JSE share code: INP  
ISIN: GB00B17BBQ50  
LEI: 2138007Z3U5GWDN3MY22

**Group pre-close trading update and trading statement****20 September 2024**

Investec Group today announces its scheduled pre-close trading update for the interim period ending 30 September 2024 (1H2025). An investor conference call will be held today at 09:00 UK time / 10:00 South African time. Please register for the call at [www.investec.com/investorrelations](http://www.investec.com/investorrelations).

Commentary on the Group's financial performance in this pre-close trading update represents the five months ended 31 August 2024 and compares forecast 1H2025 to 1H2024 (30 September 2023).

The comparability of the total Group's year-on-year performance will be affected by the financial effects of previously announced strategic actions which resulted in the Group's performance being presented on a continuing and discontinuing basis in line with the relevant accounting standards in the prior period.

The following commentary is based on the Group's total performance, with the comparative period comprising of continued and discontinued operations.

**1H2025 earnings update and guidance**

Revenue momentum from our diversified client franchises continued. The initial months of this period were characterised by low levels of activity ahead of the national elections in both our anchor geographies. The latter part of this period has seen a more positive economic outlook reflecting increasing certainty on global interest rate cuts.

For the six months ending 30 September 2024, the Group expects:

- Pre-provision adjusted operating profit to be between £520 million and £550 million (1H2024: £487.7 million) or 6.7% to 12.9% ahead of prior period
- Adjusted earnings per share between 37.2p and 40.2p (1H2024: 38.7p) or 4.0% behind to 4.0% ahead of prior period
- Headline earnings per share between 35.3p and 38.2p (1H2024: 36.9p) or 1.4% behind to 3.5% ahead of prior period which includes the cost of executing strategic actions, and the amortisation of intangible assets associated with the Rathbones combination in the current period
- Basic earnings per share between 35.2p and 38.2p (1H2024: 69.6p) or 45.0% to 50.0% behind prior period. The prior period was positively impacted by the net gain from the implementation of the UK Wealth & Investment combination with Rathbones which was partially offset by the effects of Burstone's deconsolidation; and the amortisation of intangible assets associated with the Rathbones combination in the current period
- Credit loss ratio around the upper end of the through-the-cycle (TTC) range of 25bps to 45bps. The overall credit quality remained strong, in line with the position at FY2024 with no evidence of trend deterioration
- Cost to income ratio to be below the 53.3% reported in the prior period, benefitting from revenue growing ahead of costs
- Group adjusted operating profit before tax between £450 million and £482 million (1H2024: £441.4 million)
  - Southern African business adjusted operating profit to be at least 15.0% ahead of prior period in Rands (1H2024: R4 832 million, £205.9 million). Specialist Bank

adjusted operating profit expected to be at least 11.0% ahead of prior period in Rands (1H2024: R4 616 million, £196.8 million). Credit loss ratio is expected to be below the midpoint of the TTC range of 15bps to 35bps. The expected credit losses (ECLs) reflect lower recoveries from previously written off exposures relative to prior period. ROE is expected to be closer to the upper end of the 16.0% to 20.0% medium-term target range

- UK business, including Rathbones Group, adjusted operating profit to be 5% to 11% behind the prior period (1H2024: £235.4 million). Specialist Bank adjusted operating profit is expected to be flat to 9.0% lower following a significant increase in the prior period (1H2024: £207.4 million). We expect to report a credit loss ratio above the upper end of the guided range of 50bps to 60bps, driven by certain specific impairments. ROTE is expected to be between 13.0% to 14.0%, within the medium-term target range of 13.0% to 17.0%
- Group ROE to be between 13.0% and 14.0%, within the Group's upgraded medium-term target range of 13.0% to 17.0%. Group ROTE is expected to be between 15.5% and 16.5%, within the 14.0% to 18.0% medium-term range.

The year-to-date performance which formed the basis for the above expectations is summarised below:

- Revenue growth was supported by balance sheet growth, increasing contribution from our various growth initiatives as well as the elevated interest rate environment
  - Net interest income benefitted from the growth in average lending books and higher average interest rates which was partly offset by the effects of deposit repricing in the UK. Southern Africa also benefitted from lower cost of funds as we continued to implement our strategies to optimise the funding pool
  - Non-interest revenue (NIR) growth reflects the diversified nature of our business model. Continued client acquisition and higher activity levels underpinned NIR growth. The positive net inflows into SA Wealth & Investment discretionary FUM in the prior year and the current period contributed to the NIR growth. Trading income was behind prior period due to reduced client flows in corporate foreign exchange and interest rate trading desks as well as lower risk management gains in hedging the remaining and significantly reduced financial products run down book in the UK. Equity trading income arising from client flow was strong as markets trended upwards. The consolidation of Capitalmind also supported NIR growth as it became a Group subsidiary in the second quarter of FY2024. Investment income contributed to the revenue growth given the improving global markets backdrop
- The cost to income ratio improved relative to the prior period (1H2024: 53.3%) as revenue grew ahead of costs. Fixed operating expenditure reflected continued investment in people and technology for growth and inflationary pressures. Variable remuneration decreased in line with the slower growth in profitability.

For the five-month period ended 31 August 2024:

- Within Specialist Banking, core loans increased by 6.1% annualised to £31.7 billion (31 March 2024: £30.9 billion) and increased by 3.1% in neutral currency annualised, driven by private client lending in both geographies and corporate client lending in the UK. Growth in lending turnover was partially offset by the elevated repayments given the high interest rate environment. Customer deposits remained flat at £39.5 billion on reported basis and decreased by 2.9% in neutral currency annualised
- Funds under management (FUM) in Southern Africa increased by 10.7% to £23.2 billion (31 March 2024: £20.9 billion). Net discretionary inflows of R8.5 billion were augmented by net inflows of R1.3 billion in non-discretionary FUM
- Rathbones Group, a 41.25% held Investec associate, reported funds under management and administration of £108.9 billion at 30 June 2024.

The Group maintained strong capital and liquidity levels and is well positioned to continue supporting our clients and build to scale our identified growth opportunities, in an improving economic environment.

The previously announced disposal of Assupol by Bud Group Holdings to Sanlam is now unconditional following the approval by the South African Prudential Authority. Assupol is a significant asset within the group of assets earmarked to facilitate Investec's and other shareholders' exit from The Bud Group Holdings.

The Group continues to trade in line with its FY2025 guidance.

The Group remains committed to its purpose of creating enduring worth for all our stakeholders and the strategic priority to optimise shareholder returns.

#### **Other information**

The financial information on which this trading update and trading statement is based, has not been reviewed and reported on by the external auditors.

An investor conference call will be held today at 09:00 UK time / 10:00 South African time. Please [REGISTER HERE](#) for the call.

#### **Interim results**

The interim results for the six months ending 30 September 2024 are scheduled for release on **Thursday, 21 November 2024**.

On behalf of the board  
Philip Hourquebie (Chair), Fani Titi (Group Chief Executive)

#### **For further information please contact:**

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## Key income drivers

### Core loans

£'m	31-Aug-24	31- Mar-24	Annualised % change	Annualised Neutral currency % change
UK and Other	16,931	16,557	5.4%	5.4%
South Africa	14,757	14,344	6.9%	0.3%
<b>Total</b>	<b>31,687</b>	<b>30,901</b>	<b>6.1%</b>	<b>3.1%</b>

### Customer deposits

£'m	31-Aug-24	31- Mar-24	Annualised % change	Annualised Neutral currency % change
UK and Other	21,207	20,784	4.9%	4.9%
South Africa	18,312	18,721	(5.2%)	(11.5%)
<b>Total</b>	<b>39,519</b>	<b>39,505</b>	<b>0.1%</b>	<b>(2.9%)</b>

### Funds under Management (FUM)

£'m	31-Aug-24	31-Mar-24	% change	Neutral currency % change
<b>Wealth &amp; Investment - Southern Africa</b>	<b>23,169</b>	<b>20,922</b>	<b>10.7%</b>	<b>8.1%</b>
Discretionary	13,083	12,517	4.5%	1.9%
Non-discretionary	10,086	8,406	20.0%	17.4%
<b>Rathbones Group plc*</b>	<b>108,900</b>	<b>107,600</b>		

\* The balance of £108.9bn reflects total funds under management and administration (FUMA) as reported at 30 June 2024 by Rathbones Group plc.

## Notes

### 1. Definitions

- **Adjusted operating profit** refers to operating profit before goodwill, acquired intangibles and strategic actions and after adjusting for earnings attributable to other non-controlling interests. Non-IFRS measures such as adjusted operating profit are considered as pro-forma financial information as per the JSE Listings Requirements. The pro-forma financial information is the responsibility of the Group's Board of Directors. Pro-forma financial information was prepared for illustrative purposes and because of its nature may not fairly present the issuer's financial position, changes in equity or results of operations. This pro-forma financial information has not been reported on by the Group's external auditors
- **Adjusted earnings** is calculated by adjusting basic earnings attributable to shareholders for the amortisation of acquired intangible assets, non-operating items including strategic actions, and earnings attributable to perpetual preference shareholders and other additional tier 1 security holders
- **Adjusted earnings per share** is calculated as adjusted earnings attributable to shareholders divided by the weighted average number of ordinary shares in issue during the year
- **Headline earnings** is an earnings measure required to be calculated and disclosed by the JSE and is calculated in accordance with the guidance provided by The South African Institute of Chartered Accountants in Circular 1/2023
- **Headline earnings per share (HEPS)** is calculated as headline earnings divided by the weighted average number of ordinary shares in issue during the year.
- **Basic earnings** is earnings attributable to ordinary shareholders as defined by IAS33 *Earnings Per Share*
- **Core loans** is defined as net loans to customers plus net own originated securitised assets
- **The credit loss ratio** is calculated as expected credit loss (ECL) impairment charges on gross core loans as a percentage of average gross core loans subject to ECL.

### 2. Exchange rates

The Group's reporting currency is Pounds Sterling. Certain of the Group's operations are conducted by entities outside the UK. The results of operations and the financial condition of these individual companies are reported in the local currencies in which they are domiciled, including Rands, Australian Dollars, Euros and US Dollars. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in the Group's combined consolidated financial statements. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used. The following table sets out the movements in certain relevant exchange rates against the Pound Sterling over the period:

Currency per GBP1.00	5 months to 31 August 2024		Year ended 31 March 2024		Six months to 30 September 2023	
	Period end	Average	Period end	Average	Period end	Average
South African Rand	23.32	23.42	23.96	23.54	22.99	23.48
Euro	1.19	1.18	1.17	1.16	1.15	1.16
US Dollar	1.31	1.27	1.26	1.26	1.22	1.26

### 3. Profit forecasts

- The following matters highlighted in this announcement contain forward-looking statements:
  - Adjusted EPS is expected to be between 37.2p and 40.2p which is below and ahead of 1H2024 respectively
  - HEPS is expected to be between 35.3p and 38.2p which is below and ahead of 1H2024 respectively
  - Basic EPS is expected to be between 35.2p and 38.2p which is below 1H2024

- Pre-provision adjusted operating profit is expected to be between £520.0 million and £552 million which is ahead of 1H2024
- Adjusted operating profit is expected to be between £450 million and £482 million which is ahead of 1H2024
- The UK business' including Rathbones Group adjusted operating profit to be 5.0% to 11% behind prior period. Specialist Bank adjusted operating profit is expected to be flat to 9.0% behind prior period. The UK business ROTE is expected to be between 13.0% to 14.0%, within the medium-term target range of 13.0% to 17.0%
- The Southern African business' adjusted operating profit to increase by at least 15% ahead of prior period in Rands. Specialist Bank adjusted operating profit expected to be at least 11.0% higher than prior period in Rands. SA business ROE is expected to be closer to the upper end of the 16.0% to 20.0% medium-term target range
- ROE is expected to be between 13.0% and 14.0%, within the Group's upgraded medium-term target range of 13% to 17%.

(collectively the *Profit Forecasts*)

- The basis of preparation of each of these statements and the assumptions upon which they are based are set out below. These statements are subject to various risks and uncertainties and other factors – which may cause the Group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed in the Profit Forecasts
- Any forward-looking statements made are based on the knowledge of the Group at 19 September 2024
- These forward-looking statements represent a profit forecast under the Listing Rules. The Profit Forecasts relate to the six months ending 30 September 2024
- The financial information on which the Profit Forecasts are based is the responsibility of the Directors of the Group and has not been reviewed and reported on by the Group's auditors.

#### ***Basis of preparation***

- The Profit Forecasts have been compiled using the assumptions stated below, and on a basis consistent with the accounting policies adopted in the Group's March 2024 audited financial statements, which are in accordance with IFRS and are those which the Group anticipates will be applicable for the year ending 31 March 2025.
- The Profit Forecasts have been prepared based on (a) audited financial statements of the Group for the year ended 31 March 2024, and the results of the Specialist Banking and Wealth & Investment businesses underlying those audited financial statements; (b) the unaudited management accounts of the Group and the Specialist Banking and Wealth & Investment businesses for the 5 months to 31 August 2024; and (c) the projected financial performance of the Group and the Specialist Banking and Wealth & Investment businesses for the remaining one month of the period ending 30 September 2024.
- Percentage changes shown on a neutral currency basis for balance sheet items assume that the relevant closing exchange rates at 31 August 2024 remain the same as those at 31 March 2024. This neutral currency information has not been reported on by the Group's auditors.

#### ***Assumptions***

The Profit Forecasts have been prepared on the basis of the following assumptions during the forecast period:

#### ***Factors outside the influence or control of the Investec Board:***

- There will be no material change in the political and/or economic environment that would materially affect the Investec Group
- There will be no material change in legislation or regulation impacting on the Investec Group's operations or its accounting policies
- There will be no business disruption that will have a significant impact on the Investec Group's operations
- The Rand/Pound Sterling and US Dollar/Pound Sterling exchange rates remain materially unchanged from the prevailing rates detailed above
- The tax rates remain materially unchanged

- There will be no material changes in the structure of the markets, client demand or the competitive environment.

### ***Estimates and judgements***

In preparation of the Profit Forecasts, the Group makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the reporting period. Key areas in which judgement is applied include:

- Valuation of unlisted investments primarily in the private equity, direct investments portfolios and embedded derivatives. Key valuation inputs are based on the most relevant observable market inputs, adjusted where necessary for factors that specifically apply to the individual investments and recognising market volatility
- The determination of ECL against assets that are carried at amortised cost and ECL relating to debt instruments at fair value through other comprehensive income (FVOCI) involves the assessment of future cash flows which is judgmental in nature
- Valuation of investment properties is performed by capitalising the budgeted net income of the property at the market related yield applicable at the time
- The Group's income tax charge and balance sheet provision are judgmental in nature. This arises from certain transactions for which the ultimate tax treatment can only be determined by final resolution with the relevant local tax authorities. The Group recognises in its tax provision certain amounts in respect of taxation that involve a degree of estimation and uncertainty where the tax treatment cannot finally be determined until a resolution has been reached by the relevant tax authority. The carrying amount of this provision is often dependent on the timetable and progress of discussions and negotiations with the relevant tax authorities, arbitration processes and legal proceedings in the relevant tax jurisdictions in which the Group operates. Issues can take many years to resolve and assumptions on the likely outcome would therefore have to be made by the Group
- Where appropriate, the Group has utilised expert external advice as well as experience of similar situations elsewhere in making any such provisions
- Determination of interest income and interest expense using the effective interest rate method involves judgement in determining the timing and extent of future cash flows.

### **About Investec**

Investec partners with private, institutional, and corporate clients, offering international banking, investments, and wealth management services in two principal markets, South Africa and the UK. The Group was established in 1974 and currently has 7,600+ employees. Investec has a dual listed company structure with primary listings on the London and Johannesburg Stock Exchanges.

### **Johannesburg and London**

**JSE Equity and Debt Sponsor: Investec Bank Limited**